

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 EUR-12 ISO-00 CAB-05 CIAE-00
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03
/050 W
-----039996 090140Z /64

R 082201Z AUG 77
FM AMEMBASSY PANAMA
TO SECSTATE WASHDC 3086
INFO USSOUTHCOM
PANCANAL
AMEMBASSY MADRID

UNCLAS PANAMA 5650

EO 11652: N/A
TAGS: EAIR, EFIN, PN, SP
SUBJECT: SPANISH AIRLINE FILES SUIT AGAINST AIR PANAMA FOR NON-PAYMENT OF DEBTS

1. ACCORDING TO LOCAL PRESS REPORTS, THE SPANISH AIRLINE IBERIA LAST WEEK FILED SUIT AGAINST AIR PANAMA, S.A. FOR "OVER \$1 MILLION." IBERIA BROUGHT THE CASE TO THE FOURTH CIRCUIT COURT, SEEKING AN ATTACHMENT ON VARIOUS PHYSICAL ASSETS OF AIR PANAMA, INCLUDING THREE BOEING 727'S.

2. EVIDENCE PRESENTED SHOWED HOW WITH THE APPROVAL OF BOTH GOVERNMENTS IN QUESTION IBERIA HAD MADE LOANS TO AIR PANAMA AND HAD ASSUMED OTHER COSTS ON HER BAHALF, WITH AIR PANAMA'S PHYSICAL ASSETS AS DOLLATERAL. SPECIFICALLY, IBERIA CITED NON-PAYMENT ON THE PART OF AIR PANAMA OF \$5,515,746 IN GUARANTEES COVERED BY IBERIA, \$324,353 WHICH IBERIA HAD PAID TO AIR PANAMA CREDITORS, AND \$1,252,156 DUE FOR TECHNICAL ASSISTANCE. IBERIA'S PLEA ASKED THE COURT TO CONFINE THE AIRPLANES TO THE AREA OF TOCUMEN AIRPORT IN PANAMA.

3. AIR PANAMA AUTHORITIES PROMPTLY ASSURED THE PUBLIC
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THAT AIR PANAMA SERVWSCE WOULD CONTINUE AS SCHEDULED IN SPITE OF THE IBERIA SUIT, AND AN EDITORIAL BY LUIS RESTREPO IN THE GOP-ORIENTED DAILY MATUTINO AUGUST 8 CALMLY EXPLAINED TO READERS THAT IT IS NOT UNCOMMON FOR EVEN THE FINEST AIRLINES TO SUFFER FINANCIAL DIFFICULTIES AT TIMES--CITING SUCH CASES IN THE U.S. AND MAJOR EUROPEAN COUNTRIES. THE EDITORIAL STRESSED THAT

IT WAS NORMAL FOR A GOVERNMENT TO TAKE ACTION TO PROVIDE FINANCIAL SUPPORT TO THE AIRLINE IN CASES SUCH AS THIS, PARTICULARLY BECAUSE OF THE NATIONAL PRESTIGE AND THE IMPORTANCE OF THE SERVICE RENDERED. THE ARTICLE WARNED THAT THE COURT SHOULD PROCEED MOST CAUTIOUSLY IN CASES LIKE THIS, AND THAT NO SUCH DRASIC MEASURE AS THAT SOUGHT BY IBERIA SHOULD BE APPLIED WITHOUT THE MOST EXHAUSTIVE STUDIES OF ALL SIDES OF THE PROBLEM, INCLUDING TESTIMONY FROM ALL PERSONS INVOLVED; TOP-LEVEL MANAGEMENT AND OWNERSHIP OF IBERIA SHOULD BE REQUIRED TO APPEAR IN THE PANAMANIAN COURTS TO CONFIRM THE CHARGES.

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Message Attributes

Automatic Decaptoning: X
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Control Number: n/a
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Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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